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HERSHEY CHOCOLATE CORPORATION

AND

AFFILIATED COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1929

AND

CONSOLIDATED PROFIT AND LOSS ACCOUNT
AND SUMMARY OF CONSOLIDATED EARNED SURPLUS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1929

Together with

Auditors' Certificate

HERSHEY CHOCOLATE CORPORATION AND AFFILIATED COMPANIES

CONSOLIDATED BALANCE SHEET--DECEMBER 31, 1929

ASSETS

CURRENT ASSETS:

Cash.....		\$ 1,664,846.08
Accounts receivable.....	\$2,258,575.25	
Less—Reserve for bad debts and discounts.....	344,250.57	1,914,324.68
Inventories of raw materials, goods in process and finished goods, certified by responsible officials as to quantities and condition, valued at the lower of cost or market.....		12,172,261.23
Total current assets.....		\$15,751,431.99

WORKING ASSETS:

Supplies and repair parts.....	\$ 233,375.72	
Salesmen's advances, prepaid insurance, etc.....	81,755.53	315,131.25

PLANT AND PROPERTY:

<u>Particulars</u>	<u>Gross Book Value</u>	<u>Reserve for Depreciation</u>	<u>Net Book Value</u>
Land.....	\$ 114,920.30	\$ -	\$ 114,920.30
Buildings and improvements.....	5,736,293.37	2,087,291.94	3,649,001.43
Machinery, equipment and fixtures.....	8,833,606.60	5,083,241.21	3,750,365.39
New York properties.....	1,474,200.81	228,320.72	1,245,880.09
	<u>\$16,159,021.08</u>	<u>\$7,398,853.87</u>	<u>\$8,760,167.21</u>
Construction in Progress.....		95,428.34	8,855,595.55
			<u>\$24,922,158.79</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts and wages payable.....	\$ 850,783.58
Accrued state taxes, liability insurance, etc.....	824,420.31
Reserve for Federal income tax.....	940,294.83
Accrued dividends on prior preferred and convertible preference stock from November 15, 1929 to December 31, 1929.....	226,087.25
Total current liabilities.....	\$ 2,841,585.97

CAPITAL STOCK AND SURPLUS:

Prior preferred—Authorized 200,000 shares (\$100.00 par value, redeemable at \$107.50)	
Issued, 150,000 shares.....	\$15,000,000.00
Less—	
Retired through sinking fund.....	\$ 900,000.00
Repurchased and held in treasury.....	5,407,500.00
	<u>6,307,500.00</u>
Outstanding 86,925 shares.....	\$ 8,692,500.00
Convertible preference stock (without par value) authorized and issued 350,000 shares of which 28,213 shares have been converted into common stock. Issued and outstanding 321,787 shares at stated value (see note).....	321,787.00
Common stock (without par value)—authorized 1,000,000 shares of which 321,787 shares are reserved for conversion of convertible preference stock. Issued and outstanding, 678,213 shares at stated value.....	678,213.00
	<u>\$ 9,692,500.00</u>
Surplus at organization.....	2,389,826.46
Earned surplus, December 31, 1929.....	9,998,246.36
	<u>22,080,572.82</u>
	<u>\$24,922,158.79</u>

NOTE: The convertible preference stock is entitled to cumulative dividends at the rate of \$4.00 per share per annum plus an extra dividend of \$1.00 per share in any year in which dividends are declared or paid on the common stock. Upon any distribution of capital assets the convertible preference stock is entitled to receive \$90.00 per share and accumulated unpaid dividends (if any) before any distribution to the common stock and shares equally per share with the common stock in any distribution of the balance until the convertible preference stock receives a total of \$100.00 per share and accumulated unpaid dividends (if any).

HERSHEY CHOCOLATE CORPORATION AND AFFILIATED COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1929

NET SALES	\$41,371,913.11
COST OF SALES	30,812,829.41
Gross profits on sales	\$10,559,083.70
SHIPPING, SELLING AND ADMINISTRATIVE EXPENSES	2,681,553.34
Net profits from operations	\$ 7,877,530.36
OTHER INCOME, LESS MISCELLANEOUS CHARGES	471,858.26
Net profits before provision for Federal income tax	\$ 8,349,388.62
PROVISION FOR FEDERAL INCOME TAX	913,609.01
Net profits carried to surplus account	\$ 7,435,779.61

NOTE: Costs and expenses include provision for depreciation of \$774,270.34 on plant and property

SUMMARY OF CONSOLIDATED EARNED SURPLUS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1929

Earned surplus at December 31, 1928	\$ 4,735,813.04
Net profits for the year ended December 31, 1929	7,435,779.61
	<u>\$12,171,592.65</u>
Dividends:	
Prior preferred stock (6% cumulative)	\$ 561,551.25
Convertible preference stock (at the rate of \$4.00 per share per annum—see note)	1,358,780.50
	<u>\$1,920,331.75</u>
Premiums paid on prior preferred stock repurchased	253,014.54
	<u>2,173,346.29</u>
Earned surplus at December 31, 1929	<u>\$ 9,998,246.36</u>

NOTE: On January 6, 1930, a dividend of \$5.00 per share was declared on Common Stock payable in quarterly installments beginning February 15, 1930 and an extra dividend of \$1.00 per share was declared on the convertible preference stock payable February 15, 1930.

ARTHUR ANDERSEN & Co.

ACCOUNTANTS AND AUDITORS

MEMBERS AMERICAN INSTITUTE OF ACCOUNTANTS

67 WALL STREET

NEW YORK

AUDITORS' CERTIFICATE

We have examined the accounts of the Hershey Chocolate Corporation and Affiliated Companies for the year ended December 31, 1929, and certify that, in our opinion, the accompanying consolidated balance sheet, profit and loss account and summary of earned surplus account fairly present the financial position of the companies at December 31, 1929, and the results of their operations for the year ended that date.

ARTHUR ANDERSON & CO.

New York, N. Y.,
March 1, 1930.

